

THE INAUGURAL PLENARY OF THE SIXTH G-15 SUMMIT ON BEHALF OF ASIAN MEMBERS OF G-15

HARARE, ZIMBABWE, 3 NOVEMBER 1996

On behalf of the Asian member countries let me thank the Government of Zimbabwe for giving us the opportunity to meet in this beautiful city of Harare. We thank also the people and the Government for the warm reception and generous hospitality. I must also thank you, Mr. Chairman, for the efforts taken to ensure the success of this Summit.

2. All the three continents of the South are undergoing transformation, structural change and regional integration. Latin America is on its way to experiencing an economic upturn. Asia is resurgent and growing in economic strength at a rapid pace. Much hope also attend the efforts for an economic turnaround in Africa and we can look forward to this continent of natural abundance achieving its true potential. With this encouraging prospect before us, Africa, Asia and Latin America can seize the new opportunities available to us, in the post Cold War era, making full use of extant and emerging complementarities amongst us.

3. When the first G-15 Summit was convened in Kuala Lumpur in 1990, many considered the South-South cooperation a mere dream. Many were sceptical of the prospect and ability of developing countries to work with one another to achieve progress. Clearly, our G-15 has proven the sceptics wrong. The South-South cooperation is indeed possible and viable.

4. In less than seven years, the G-15 has emerged as an important catalyst in encouraging trans-regional economic cooperation. It has spawned many sectoral projects involving information exchange, technical cooperation and institution building leading to self-sustaining interaction in key areas of technology and trade for the countries of the South. We must, however, inject more vigour into our participation in these projects. There is no absolute necessity for full participation by all G-15 member states but we need a critical mass of interested countries from the three regions willing to commit resources and energy for the success of projects identified. We need to involve our respective private sectors more actively so that commercialisation will create its own momentum of cooperation. The process must be dynamic and able to address our needs. We must therefore gear up our natural focal points to participate and provide the lead.

5. Many amongst us have been very successful in development planning and implementation, registering in the process a wealth of information, knowledge and expertise which can be shared with other countries. The same can be said in the areas

of infrastructure development and management, science and technology and human resources development. These are areas that can promote and sustain South- South Cooperation.

6. Malaysia is firmly committed to South-South Cooperation. There are enormous potentials to be tapped in the areas of trade and investment, science and technology, human resources development and many other fields. Malaysia has chosen to diversify its economic partners, giving priority to the development and promotion of two way trade relations and investments in other developing countries. This will benefit not only ourselves but also, we believe, our trading partners, creating employment and production possibilities which can facilitate further increases in trade and other economic activities. Increase in trade and investment between the developing nations can be a real bridge to effective South-South Cooperation.

7. Comparative advantage facilitates trade and other exchanges but the competitive edge dictates market share and wealth creation. The share of the developing countries in global trade is small and suffers stagnation, even a slight decline. Many developing countries are increasingly not competitive in the international market place, being dependent on raw material export and low technology goods and services. The rapid advancement in science and technology in the developed world will make many developing countries extremely vulnerable.

8. Cheaper labour cost is a form of competitive advantage that most developing countries rely upon out of necessity, but this has now been labelled as an unfair advantage. 'Social clauses' have been promoted to govern international trade, which may sound like concern for the welfare of the workers in the developing countries but which will effectively negate any competitive advantage that we may have. The result must be to stifle economic activity, reduce investments and production of goods and services and consequently unemployment. How can we believe that the 'Social Clauses' have social justice objectives when the net result is unemployment and economic injustice?

9. Not enough with all these, we find one country blatantly undermining the WTO by enacting in total disregard for international norms, extra-territorial laws to be submitted to by all nations and their enterprises. We just cannot accept, and certainly cannot submit to such unilateral measures of coercion. We should take a firm position in containing these measures which arrogantly disregard the accepted norms and principles of international trade and investment relations. Developing countries must reject this challenge to their

sovereign right to be free to trade and invest wherever they wish and which also threatens the expansion of trade and development, globally.

10. 'Globalisation' has become a buzz word, used and misused by many to describe and encapsulate several strands and trends of thought in the arena of international economics specifically and international relations generally. The use of this term by the media to describe anything and everything has created even more confusion. Many meetings, whether of Heads of State or Government, Ministers, corporate leaders or non-governmental personalities have become global summits.

11. Still in many ways, the world is irreversibly becoming a global market place. It is no longer possible to contain international trade and investment flows strictly on a bilateral basis between one sovereign state and another. Development in transport and information technology will make production of goods more and more dependent on the dynamic comparative advantage of each country. The focus will no more be on finished products, rather it will be on value added products. Countries will be producing intermediate inputs for the international market place. Trade in services will also experience rapid growth, much higher than that of manufacturing output. Export oriented industrialisation strategies will likely become the norm.

12. We must be prepared to enter the global market place and become associated in one form or another with regional economic groupings. It will become even more important for developing countries to cooperate to ensure their fair share of the global trade. There could also be divisions among the G-7 nations as they begin to compete more and more with one another. The bottom line is that developing countries would need to stay united in the face of new challenges in the global environment.

13. We should welcome globalisation if it means recognition of global responsibilities. This includes the strong helping the weak without imposing all kinds of conditionalities.

14. Unfortunately, the reality has been quite different. Globalisation has been used to disadvantage developing countries. In the name of globalisation, developing countries have been called upon to account for many things, be it the environment, labour standards, investment laws, financial services or other development issues. What the developing countries are expected to do is nothing less than to adopt policies and criteria determined by the developed countries without consultation with and regard for the views of developing countries. For countries which preach democracy the

approach used seem contrary to their profession of faith in the ideals of democracy. Whatever, the result of conforming on the part of the developing countries would be to disadvantage them and impoverish them further.

15. Continued cooperation among developing countries is not only desirable but a necessity. Towards this end the G-15 has a crucial role to play. It can be a strong pressure group in negotiations with the North. More importantly, it can be the main agent for change in the developing world especially in realising the potentials of the developing countries themselves. Our Group has in fact identified specific sectoral areas in trade, industry, science and technology, education, agriculture and commodities and even political creeds where there should be greater cooperation. Many of us have the expertise, technology and resources which can be shared on joint venture basis where specific enterprises can be developed for mutual benefit. For example, cooperation in the formation of an information network will facilitate the expansion of trade and investment. Such a network can be used by both the public and private sectors in promoting and facilitating contracts by their counterparts. If trade and investments between the developing countries have not expanded as fast as it should, the fault may not be the lack of initiative or complementarity. The fault might in fact be the lack of knowledge and information about each other. The Malaysian Multimedia Super Corridor project is geared towards addressing this particular problem.

16. We may need to engage in some fresh thinking about the international role of the G-15. The future of the G-15 will depend to a large extent on the support, commitment and vision of its members. Many questions need to be answered.

17. Clearly, the plight of the developing countries will not be addressed if it relies only on the goodwill and generosity of the international community. It is not possible to achieve economic growth even if we succeed in establishing the desired international principles for economic relation. Developing countries would need to do more on their own and amongst themselves particularly in areas which are within their competence and practical.

18. One specific area of focus is in providing the institutional support for the work of the G-15. The Group needs the services of a strong and well-organised Technical Support Facility (TSF) to achieve its objectives. The recent restructuring will, hopefully, strengthen the Technical Support Facility. We could give thought to establishing written rules and regulations to govern the functioning of the TSF if that would make it more effective and efficient.

19. If the three continents can be joint venture partners in prospering each other and in working for a single global commonwealth of common and mutual prosperity, clearly a new beginning will have been made. Let us forever bury primeval and primordial `beggar thy neighbour' reflexes. Let us put in their place `prosper thy neighbour' impulses aimed at ensuring that all our neighbours, far and near, will prosper.